

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF PUBLIC) CASE NO. 8186-A
GAS COMPANY)

O R D E R

On November 13, 1981, the Commission issued its Order in Case No. 8186 approving certain rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased.

On November 9, 1978, the Natural Gas Policy Act of 1978, was signed into law which established significantly higher rates for producers of certain categories of natural gas. This federal legislation allows producers, after proper application, to classify certain gas wells as "stripper" wells and increase the cost of gas produced. Once the Federal Energy Regulatory Commission (FERC), classifies the producer's well as a "stripper" well and the producer increases the cost of gas to the distribution company, state commissions must, in turn, allow the distributors to pass their increased costs on to their customers by adjusting the base rates.

On November 30, 1981, Public Gas Company, ("Public") notified the Commission that its wholesale cost of gas would be increased by one of its suppliers Panbowl Production Company, ("Panbowl")

effective November 16, 1981. The notice set out certain adjustments which Public proposed to place in effect with gas supplied on and after November 16, 1981. The adjustments are designed to pass on to its customers an increase in the amount of \$40,016 annually or \$0.35 per Mcf based on estimated gas purchases for 12 months ending October 31, 1981.

After reviewing this evidence of record and being advised, the Commission is of the opinion and finds that:

1. The gas wells belonging to the Public's supplier, Panbowl, have been classified as "stripper" wells by the FERC and that Panbowl has increased the wholesale cost of gas and said increases became effective November 16, 1981.

2. Public did not provide the Commission with the 20 day statutory notice, therefore, the rates in Appendix A will become effective on and after December 20, 1981.

3. Public's adjustment in rates under the purchased gas adjustment clause approved by the Commission in its Order in Case No. 8186-A dated November 13, 1981, is fair, just and reasonable, in the public interest and should be effective with gas supplied on and after December 20, 1981.

IT IS THEREFORE ORDERED that the purchased gas adjustment sought by Public be and the same is hereby approved.

IT IF FURTHER ORDERED that the rates contained in Appendix A be and are hereby approved, effective for gas supplied on and after December 20, 1981.

IT IS FURTHER ORDERED that within 30 days after the date of this Order, Public shall file with this Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 11th day of December, 1981.

PUBLIC SERVICE COMMISSION

Marlin M. Voh
For the Commission

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 8186-A DATED
DECEMBER 11, 1981

The following rates are prescribed for the customers in the area served by Public Gas Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

RATES: Monthly

First 1 Mcf

\$ 6.3675 Minimum Bill

Over 1 Mcf

5.2475